

**Financial Flash Report for the Second Quarter of Fiscal Year Ending March 31, 2010
(Six Months Ended September 30, 2009)**

October 27, 2009

Company name:	EIKEN CHEMICAL CO., LTD.	Listing:	TSE, First Section
Securities Code:	4549	http://www.eiken.co.jp/en/	
Representative:	Tetsuya Teramoto, President & CEO		
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Scheduled date of filing of Quarterly Report:	November 11, 2009		
Scheduled date of dividend payment:	December 1, 2009		

(All amounts are rounded down to the nearest million yen)

1. Consolidated Performance for the Six Months Ended September 30, 2009 (Apr. 1, 2009 – Sep. 30, 2009)

(1) Consolidated operating results

(Percentage figures indicate year-over-year rates of change)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2009	13,890	3.2	1,252	7.5	1,352	0.5	757	3.7
Six months ended Sep. 30, 2008	13,462	-	1,165	-	1,345	-	730	-

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2009	41.75	41.64
Six months ended Sep. 30, 2008	36.42	36.34

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2009	29,085	19,049	65.3	1,045.39
As of Mar. 31, 2009	27,895	18,407	65.8	1,010.84

Reference: Shareholders' equity (million yen): Sep. 30, 2009: 18,983 Mar. 31, 2009: 18,349

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2009	-	15.00	-	10.00	25.00
Fiscal year ending Mar. 31, 2010	-	12.00	-	-	-
Fiscal year ending Mar. 31, 2010 (forecast)	-	-	-	13.00	25.00

Note: Revision of dividend forecast during the period: None

3. Projected Consolidated Performance for the Fiscal Year Ending March 31, 2010 (Apr. 1, 2009 – Mar. 31, 2010)

(Percentage figures indicate year-over-year rates of change)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	26,780	2.6	1,940	6.1	2,000	(1.5)	1,140	0.3	62.78

Note: Revision of projected consolidated performance during the period: None

4. Others

(1) Changes in consolidated subsidiaries (changes in scope of consolidation): None

(2) Application of simplified accounting methods and special accounting methods in the preparation of quarterly consolidated financial statements: Yes

Note: Please refer to “Qualitative Information and Financial Statements, 4. Others” on page 4 for further information.

(3) Changes in accounting principles, procedures and presentation methods for preparation of quarterly consolidated financial statements

1) Changes caused by revision of accounting standards: None

2) Other changes: None

(4) Number of shares outstanding (common shares)

1) Number of shares outstanding (including treasury stock) at the end of the period

Sep. 30, 2009:	21,770,719 shares	Mar. 31, 2009:	21,770,719 shares
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2) Number of treasury stock at the end of the period

Sep. 30, 2009:	3,611,673 shares	Mar. 31, 2009:	3,617,656 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2009:	18,156,545 shares	Six months ended Sep. 30, 2008:	20,065,292 shares
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* Cautionary statement with respect to forward-looking statements

These materials contain forward-looking statements and statements of this nature based on reasonable judgments in accordance with information currently available. Readers should be aware that actual results and events might differ substantially from these projections. For discussion of the assumptions and other factors considered by the Company in preparing the above projections, please refer to page 4 in the section “Qualitative Information and Financial Statements, 3. Qualitative Information Regarding Projected Consolidated Performance”.

Qualitative Information and Financial Statements

1. Qualitative Information Regarding Consolidated Operating Results

In the first half of the current fiscal year, the operating environment remained challenging. As inventory reductions came to an end, signs of a recovery appeared in some sectors. However, Japan's unemployment rate is still high and capacity utilization at manufacturers is low.

In the clinical diagnostic reagents market, demand for medical tests is strong because of Japan's aging population and the increasing volume of preventive health care. As a result, this market has not been severely impacted by the economic downturn. Nevertheless, market conditions are becoming increasingly difficult due to healthcare system reforms by the Japanese government aimed at lowering healthcare expenses, increasingly fierce price-based competition, and a growing number of competitors. Overcoming these challenges will require actions to make business operations even more efficient and streamlined.

In response, the EIKEN Group is pursuing the goals of EIKEN ROADMAP 2009, which sets forth guidelines for a new management vision. Two objectives are increasing sales of major products and introducing new products in Japan. In addition, the EIKEN Group aims to increase sales overseas, mainly in the U.S. and Europe, by establishing sales and service infrastructures in other countries.

In the first half, consolidated net sales increased 3.2% from one year earlier to 13,890 million yen.

By product category, sales of reagents for microbiological investigations decreased 0.7% to 2,271 million yen. Rapid diagnostic reagents and culture media for microbiological investigations performed well, but there was a decline in sales of diagnostic reagent for drug sensitivity tests. Sales of general-purpose reagents increased 6.3% to 981 million yen, the result of strong sales of the "Uropaper" and "Uropaper Alpha" urinalysis test strips. Sales of immunological and serological reagents increased 4.4% to 7,712 million yen. This was attributable to brisk sales of a diagnostic reagent to detect fecal occult blood, the major product in this category, and of diagnostic reagents (AIA reagents and HbA1c reagents) made by Tosoh Corporation for use exclusively in medical devices. Sales of diagnostic reagents for biomedical testing decreased 8.2% to 455 million yen because of more competition and the smaller amounts of reagents used due to advances in analytic devices. In the culture media for equipment, food and the environment category, sales decreased 2.3% to 1,321 million yen because of competitive pressure on prices. In the others category (medical devices, genetic products, etc.), sales increased 13.2% to 1,147 million yen because of higher sales of medical devices and genetic products.

Overseas sales increased 12.6% to 709 million yen primarily because of higher sales of fecal occult blood analyzers and diagnostic reagents in the U.S. and Europe.

Regarding expenses, the cost of sales ratio increased 2.1 percentage points even though measures were taken to lower the cost of manufacturing. The primary causes were a decline in prices from intense competition and a continuing increase in sales of purchased products and other products with a relatively high cost of sales ratio.

Selling, general and administrative expenses decreased 4.1% because of the efficient use of expenses. For example, the internalization of logistics operations brought down outsourcing expenses.

As a result, operating income increased 7.5% to 1,252 million yen, ordinary income increased 0.5% to 1,352 million yen and net income increased 3.7% to 757 million yen.

2. Qualitative Information Regarding Consolidated Financial Position

Financial position at the end of the second quarter of the current fiscal year is as follows.

Compared with the end of the previous fiscal year, assets increased 1,189 million yen, liabilities increased 547 million yen and net assets increased 642 million yen. This caused the equity ratio to decline from 65.8% to 65.3%.

The increase in assets was mainly the net result of an increase of 1,152 million yen in notes and accounts receivable due to higher sales, and a decrease in inventories (387 million yen in merchandise and finished products; 190 million yen in work in process; and 42 million yen in raw materials and supplies) which was due mostly to sales growth and production volume adjustments. In liabilities, there were increases of 131 million yen in accrued income taxes, 191

million yen in accounts payable-other associated with equipment, an item included in other current liabilities, and 109 million yen in accrued consumption taxes. Net assets increased as the 575 million yen increase in retained earnings more than offset dividend payments.

Cash Flows

There was a net increase of 381 million yen in cash and cash equivalents to 5,799 million yen compared with the end of the previous fiscal year. This was mainly the net result of income before income taxes and other adjustments of 1,289 million yen and an increase in trade receivables of 1,152 million yen.

The following is a summary of cash flows for the first half of the fiscal year under review.

Cash flows from operating activities

Net cash provided by operating activities was 855 million yen (compared to the net cash provided of 226 million yen a year earlier). Although cash was used by a 1,152 million yen increase in trade receivables, cash was provided by income before income taxes and other adjustments of 1,289 million yen and a 620 million yen decrease in inventories.

Depreciation and amortization totaled 444 million yen.

Cash flows from investing activities

Net cash used in investing activities was 257 million yen (compared to the net cash used of 655 million yen a year earlier). There were payments of 302 million yen for production and research facilities, and proceeds of 100 million yen from withdrawal of long-term bank deposits.

Cash flows from financing activities

Net cash used in financing activities was 192 million yen (compared to the net cash used of 303 million yen a year earlier) due to dividends paid of 181 million yen.

3. Qualitative Information Regarding Projected Consolidated Performance

Projected consolidated performance for the full year of fiscal year ending March 31, 2010 remains unchanged from those disclosed on April 27, 2009.

4. Others

(1) Changes in consolidated subsidiaries (changes in scope of consolidation)

Not applicable.

(2) Application of simplified accounting methods and special accounting methods in the preparation of quarterly consolidated financial statement

1) Valuation of inventories

For inventories at the end of the second quarter of the current fiscal year, a valuation was determined by using a reasonable method based on actual inventories at the end of the previous fiscal year. No physical inventory count was performed.

2) Calculation of taxes

The tax expense was calculated by first estimating the effective tax rate after the application of tax effect accounting with respect to income before income taxes and other adjustments during the fiscal year, and multiplying that rate by the quarterly income before income taxes and other adjustments.

Income taxes-deferred were included and displayed with income taxes.

(3) Changes in accounting principles, procedures and presentation methods for preparation of quarterly consolidated financial statements

Not applicable.

5. Quarterly Consolidated Financial Statements**(1) Consolidated Balance Sheets***(Millions of yen)*

	Second quarter of FY3/10 (As of Sep. 30, 2009)	FY3/09 Summary (As of Mar. 31, 2009)
Assets		
Current assets		
Cash and bank deposits	5,799	5,418
Notes and accounts receivable	8,835	7,683
Marketable securities	99	156
Merchandise and finished goods	2,722	3,110
Work in process	1,007	1,197
Raw materials and supplies	695	737
Other current assets	795	604
Allowance for doubtful accounts	(0)	(15)
Total current assets	19,956	18,892
Fixed assets		
Tangible fixed assets		
Buildings and structures	12,735	12,409
Accumulated depreciation	(8,964)	(8,785)
Buildings and structures, net	3,770	3,623
Machinery, equipment and vehicles	5,167	5,107
Accumulated depreciation	(4,315)	(4,279)
Machinery, equipment and vehicles, net	852	828
Tools, furniture and fixtures	2,851	2,812
Accumulated depreciation	(2,520)	(2,462)
Tools, furniture and fixtures, net	330	350
Other tangible fixed assets	1,265	1,248
Total tangible fixed assets	6,218	6,050
Intangible fixed assets	469	465
Investments and other assets		
Other	2,508	2,494
Allowance for doubtful accounts	(8)	(7)
Allowance for investment loss	(58)	-
Total investments and other assets	2,440	2,487
Total fixed assets	9,129	9,003
Total assets	29,085	27,895

(Millions of yen)

	Second quarter of FY3/10 (As of Sep. 30, 2009)	FY3/09 Summary (As of Mar. 31, 2009)
Liabilities		
Current liabilities		
Notes and accounts payable	5,141	5,127
Accrued income taxes	643	512
Reserve for bonuses	653	668
Allowance for returned goods	5	5
Other current liabilities	2,059	1,725
Total current liabilities	8,503	8,038
Fixed liabilities	1,532	1,450
Total liabilities	10,035	9,488
Net assets		
Shareholders' equity		
Capital stock	6,897	6,897
Capital surplus	7,892	7,892
Retained earnings	7,610	7,035
Treasury stock	(3,431)	(3,437)
Total shareholders' equity	18,969	18,388
Valuation and translation adjustments		
Unrealized holding gain (loss) on other securities	40	10
Foreign currency translation adjustment	(26)	(48)
Total valuation and translation adjustments	14	(38)
Stock acquisition rights	65	57
Total net assets	19,049	18,407
Total liabilities and net assets	29,085	27,895

(2) Consolidated Statements of Income
(For the Six-month Period)

(Millions of yen)

	First six months of FY3/09 (Apr. 1, 2008 – Sep. 30, 2008)	First six months of FY3/10 (Apr. 1, 2009 – Sep. 30, 2009)
Net sales	13,462	13,890
Cost of sales	7,632	8,166
Gross profit	5,829	5,724
Selling, general and administrative expenses	4,664	4,471
Operating income	1,165	1,252
Non-operating income		
Interest income	2	2
Dividend income	3	4
Gain on valuation of derivatives	-	9
Subsidy income	173	17
Other	22	69
Total non-operating income	201	104
Non-operating expenses		
Interest expense	1	1
Loss on valuation of derivatives	10	-
Loss on cancellation of insurance	-	1
Commitment fee	-	1
Foreign exchange adjustments	7	-
Other	2	0
Total non-operating expenses	21	4
Ordinary income	1,345	1,352
Extraordinary income		
Gain on sales of fixed assets	-	0
Reversal of allowance for doubtful accounts	-	12
Gain on bad debts recovered	9	-
Other	0	-
Total extraordinary income	10	13
Extraordinary loss		
Loss on sales and retirement of fixed assets	6	17
Provision of allowance for investment loss	-	58
Head office transfer cost	89	-
Other	10	-
Total extraordinary losses	106	76
Income before income taxes and other adjustments	1,249	1,289
Income taxes	519	531
Net income	730	757

(3) Consolidated Statements of Cash Flows*(Millions of yen)*

	First six months of FY3/09 (Apr. 1, 2008 – Sep. 30, 2008)	First six months of FY3/10 (Apr. 1, 2009 – Sep. 30, 2009)
Cash flows from operating activities		
Income before income taxes and other adjustments	1,249	1,289
Depreciation and amortization	412	444
Increase (decrease) in allowance for doubtful accounts	(0)	(13)
Increase (decrease) in allowance for returned goods	1	(0)
Increase (decrease) in allowance for investment loss	-	58
Increase (decrease) in reserve for bonuses	15	(15)
Interest and dividend income	(5)	(7)
Interest expense	1	1
Loss (gain) on valuation of derivatives	10	(9)
Loss (gain) on sales and retirement of fixed assets	6	17
Decrease (increase) in trade receivables	(1,146)	(1,152)
Decrease (increase) in inventories	(76)	620
Increase (decrease) in trade payables	603	14
Other	(357)	1
Subtotal	712	1,250
Interests and dividends received	7	7
Interests paid	(0)	(1)
Income taxes paid	(492)	(400)
Cash flows provided by operating activities	226	855
Cash flows from investing activities		
Payments for purchase of tangible fixed assets	(382)	(302)
Payments for purchase of intangible fixed assets	(33)	(47)
Payments for purchase of investment securities	(199)	-
Proceeds from withdrawal of long-term bank deposits	-	100
Other	(40)	(7)
Net cash used in investing activities	(655)	(257)
Cash flows from financing activities		
Dividends paid	(302)	(181)
Other	(1)	(10)
Net cash used in financing activities	(303)	(192)
Effect of exchange rate changes on cash and cash equivalents	8	(25)
Increase (decrease) in cash and cash equivalents	(724)	381
Cash and cash equivalents at the beginning of the period	6,674	5,418
Cash and cash equivalents at the end of the period	5,950	5,799

(4) Going Concern Assumption

Not applicable.

(5) Segment Information

1) Operating segment information

First six months of FY3/09 (Apr. 1, 2008 – Sep. 30, 2008), First six months of FY3/10 (Apr. 1, 2009 – Sep. 30, 2009)

Not applicable as there is no business segment other than the diagnostic reagent business.

2) Geographical segment information

First six months of FY3/09 (Apr. 1, 2008 – Sep. 30, 2008), First six months of FY3/10 (Apr. 1, 2009 – Sep. 30, 2009)

Geographical segment information is not presented since domestic sales exceeded 90% of total segment sales.

3) Overseas sales

First six months of FY3/09 (Apr. 1, 2008 – Sep. 30, 2008), First six months of FY3/10 (Apr. 1, 2009 – Sep. 30, 2009)

Information of overseas sales is not presented since overseas sales account for less than 10% of consolidated net sales.

(6) Significant Changes in Shareholders' Equity

Not applicable.

6. Other Information

(Production, Orders and Sales)

The Group lists production, orders and sales information by product category because there is only one business segment: the diagnostic reagent business.

(1) Production activities

Production activities by product category in the first half of the fiscal year were as follows.

(Millions of yen)

Product category	First six months of FY3/10 (Apr. 1, 2009 – Sep. 30, 2009)	YoY (%)
Reagents for microbiological investigations	1,906	97.0
General-purpose reagents	830	91.7
Immunological and serological reagents	3,059	90.4
Diagnostic reagents for biomedical testing	42	75.3
Culture media for equipment, food and the environment	636	88.6
Other	68	71.5
Total	6,543	91.8

Notes: 1. Amounts are converted to sales prices.
2. Figures do not include consumption tax.

(2) Purchases of finished products

Purchases of finished products by product category in the first half of the fiscal year were as follows.

(Millions of yen)

Product category	First six months of FY3/10 (Apr. 1, 2009 – Sep. 30, 2009)	YoY (%)
Reagents for microbiological investigations	228	74.9
General-purpose reagents	0	139.9
Immunological and serological reagents	2,962	110.9
Diagnostic reagents for biomedical testing	182	98.3
Culture media for equipment, food and the environment	507	94.2
Other	830	87.3
Total	4,712	101.3

Note: Figures do not include consumption tax.

(3) Orders

There are no production activities based on orders because the Group manufactures products by using production estimates based on a production plan.

(4) Sales performance

Sales performance by product category in the first half of the fiscal year were as follows.

(Millions of yen)

Product category	First six months of FY3/10 (Apr. 1, 2009 – Sep. 30, 2009)	YoY (%)
Reagents for microbiological investigations	2,271	99.3
General-purpose reagents	981	106.3
Immunological and serological reagents	7,712	104.4
Diagnostic reagents for biomedical testing	455	91.8
Culture media for equipment, food and the environment	1,321	97.7
Other	1,147	113.2
Total	13,890	103.2

Notes: 1. Figures do not include consumption tax.

2. The following table indicates sales amounts to major customers and their ratios to total sales amount during the first half of the fiscal year.

Customers	First six months of FY3/09 (Apr. 1, 2008 – Sep. 30, 2008)		First six months of FY3/10 (Apr. 1, 2009 – Sep. 30, 2009)	
	Amount (Millions of yen)	(%)	Amount (Millions of yen)	(%)
SUZUKEN CO., LTD.	1,956	14.5	2,022	14.6
Toho Pharmaceutical Co.,Ltd	1,637	12.2	1,677	12.1
Alfresa Corporation	1,592	11.8	1,666	12.0

Reclassifications

First six months of FY3/10 (Apr. 1, 2009 – Sep. 30, 2009)
<p>Consolidated statements of income</p> <p>“Commitment fee,” included in “Other” under non-operating expenses in the first half of the previous fiscal year, has been reclassified and presented as a separate line item in the first half of the current fiscal year, given that it now represents more than 20/100 of total non-operating expenses.</p> <p>“Commitment fee” included in “Other” under non-operating expenses in the first half of the previous fiscal year totaled 2 million yen.</p>

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